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**FILED**

**MAY 27 2014**

**SECRETARY, BOARD OF  
OIL, GAS & MINING**

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**BEFORE THE BOARD OF OIL, GAS & MINING  
DEPARTMENT OF NATURAL RESOURCES  
STATE OF UTAH**

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NOTICE OF AGENCY ACTION FOR AN ORDER REQUIRING MARION ENERGY TO PLUG AND RECLAIM WELLS; OR FORFEIT SURETY BOND AND AUTHORIZE THE DIVISION TO PLUG AND RECLAIM WELLS LOCATED IN TOWNSHIPS 13 AND 14 SOUTH, RANGE 7 EAST, CARBON COUNTY, UTAH; AND AN ORDER REQUIRING MARION ENERGY TO IMMEDIATELY COMPLY WITH THE NOTICE OF VIOLATION FOR THE WELLS LOCATED IN TOWNSHIPS 12, 13, AND 14 SOUTH, RANGES 7 AND 10 EAST, CARBON COUNTY, UTAH.

**Statement of Doug Endsley in Support of  
Request to Remove Utah Fuel # 8 Well from  
Plugging Order**

Docket No. 2011-018

Cause No. 250-02

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1. My name is Doug Endsley. I live at 1517 Heights Dr. Katy, Texas
  2. I am the Field Operations Manager for Marion Energy Inc. ("Marion") for its Clear Creek natural gas field in central Utah. As such I am familiar with the wells, gathering system, water disposal system and other facilities and operations at the field.
  3. This statement is made in support of Marion's request to remove the Utah Fuel # 8 well from the plugging order entered by the Board in 2012, and to return Marion to being the designated operator of the well.
  4. I last reported to the Board on the status of the Utah Fuel # 8 well in late February, by way of an email and letter to the Division of Oil, Gas and Mining that were submitted to the Board just before the February 2014 hearing.

5. Since the February hearing, Marion has completed the workover of the Utah Fuel # 8 well, connected the well to Marion's gas gathering and water disposal system, and put the well on production. I will provide additional detail on each of those activities below.

#### **Well Workover**

6. Marion removed 2 7/8" tubing that was run by a previous operator as a production string and replaced it with 5 1/2", 17.0#, J-55 casing as a liner. The liner was squeezed and the casing perforated at the identical depths as previously perforated. The perfs were broken down and the well was put on pump.
7. To date, the total cost of the workover and other well-related work (e.g., pump installation, valves and piping) for the Utah Fuels # 8 well has been just over \$600,000.

#### **Connection to Gas Gathering and Water Disposal System**

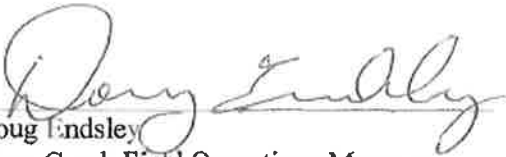
8. In anticipation of completing the workover, we plumbed the well through an existing dehydrator and separator that are on the well site from the time the well was previously producing. The reason that the well was plumbed through this existing equipment was that Marion was in discussions with Questar to allow delivery into their system by connecting directly to a former trunk line that passes through the well site. When that deal did not come to fruition Marion re-plumbed the gas line to by-pass the dehydrator and the separator, taking the gas to the main compressor site where it is separated and dehydrated before being compressed and placed in the main Questar line. Pumped water is taken by separate line straight into the water disposal system.
9. We are currently further changing the gas line to go through the existing gas sales meter on the well site, so we can meter the gas at that location. Marion is currently producing water from the Utah Fuel # 8 directly into the water disposal system and we are in the process of plumbing in a digital water flow meter, located in the separator building at the well site. This work is anticipated to be totally finished by the end of May, at which time both gas and water will be measured at the well site.

#### **Production**

10. The well is currently producing and once the aforementioned plumbing is completed all water and gas will be metered and tabulated at the well site. In the meantime, gas produced from the well is being treated at the main compressor site, with the amount being allocated back based on totals from the other wells in the gathering system, which are being metered. The water is produced directly into the disposal system. We are simply subtracting the amounts of water and gas being measured at the other wells from the total amounts, with the remainder being attributed to the Utah Fuel # 8.

11. Marion has been experiencing equipment issues in the field which have kept us from producing all wells on a continuous basis, meaning we have been unable to establish a typical continuous flow rate from the Utah Fuel # 8 well. We are in the process of mitigating those problems and expect to have an accurate flow rate for the Utah Fuel # 8 by the end of May.

I swear that the foregoing statement is true to the best of my knowledge and belief.

  
Doug Lindsley  
Clear Creek Field Operations Manager  
Marion Energy Inc.

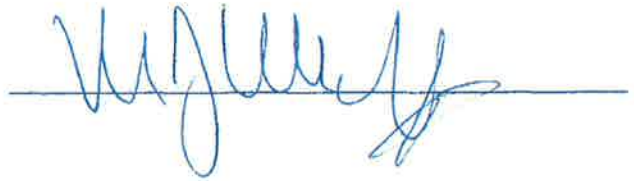
Dated: 5/27/2014

**CERTIFICATE OF DELIVERY**

The Undersigned hereby certifies that a true and correct copy of the foregoing **Statement of Doug Endsley in Support of Request to Remove Utah Fuel # 8 Well from Plugging Order** was delivered by electronic/first class mail to the following persons at the addresses indicated this 27th day of May, 2014.

Mike Johnson  
Counsel for the Board of Oil, Gas and Mining  
mikejohnson@utah.gov

Steve Alder, Assistant Attorney General  
Counsel for Utah Division of Oil, Gas and Mining  
stevealder@utah.gov

A handwritten signature in blue ink is written over a horizontal line. The signature is stylized and appears to be 'V. Johnson'.